

Message Text

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ACTION EB-08

INFO OCT-01 AF-08 ISO-00 DODE-00 NSAE-00 USIA-06 TRSE-00
ERDA-05 CIAE-00 COME-00 AID-05 EUR-12 /045 W
-----260629Z 023129 /46
R 241444Z JAN 77
FM AMEMBASSY PRETORIA
TO SECSTATE WASHDC 6678
INFO AMCONSUL CAPE TOWN
AMCONSUL JOHANNESBURG

LIMITED OFFICIAL USE SECTION 1 OF 2 PRETORIA 0331

CAPE TOWN ALSO FOR EMBASSY

E.O. 11652: N/A
TAGS: ESTCE, PINR, SF
SUBJ: PRE-LICENSE CHECK: CGS THERMODYNAMICS

REF: (A) STATE 300546, (B) STATE 303162, (C) STATE 307454,
(D) PRETORIA 5789, (F) PRETORIA 5864.

SUMMARY: AFTER FIRST REFUSING TO COOPERATE, CGS THERMO-
DYNAMICS HAS NOW APPROACHED EMBASSY AND HAS PROVIDED WHAT
APPEAR TO BE FULL PARTICULARS ON ITS TEST AND PRODUCTION
PLANS FOR SEMI-CONDUCTOR DEVICES, HAS PERMITTED INSPECTION
OF ITS PREMISES AND HAS PRODUCED CORRESPONDENCE AND DOCUMENTS
CONVERNING ITS EQUIPMENT ORDERS TO VARIOUS US FIRMS (SOME OF
WHICH HAVE ALREADY BEEN LICENSED). CGS IS, HOWEVER, STILL
UNWILLING TO DISCLOSE ITS FINANCIAL ARRANGEMENTS WITH SOUTH
AFRICAN GOVERNMENT. END SUMMARY.

1. ECON COUNSELOR HAD THREE MEETINGS WITH MANAGING DIRECTOR
KLEYN OF CGS THERMODYNAMICS AND PROJECT ENGINEER JAGAU AT
CGS INITIATIVE, INCLUDING VISIT TO CGS PREMISES IN
FORDSBURG, A JOHANNESBURG INDUSTRIAL SUBURB. AFTER
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BEING GIVEN FULL EXPLANATION OF NEED FOR DETAILED
END-USE INFORMATION AND ASSURANCE OF CONFIDENTIALITY,
KLEYN AND JAGAU RESPONDED IN SEEMINGLY CANDID MANNER
ON ALL ASPECTS OF PRODUCTION AND MARKETING PLANS.

2. ONLY AREA IN WHICH KLEYN STILL UNWILLING TO GIVE
DETAILS IS ROLE OF SA GOVERNMENT. HE INDICATED, HOWEVER,

THAT PROJECT IS NOT GOVERNMENT-SPONSORED EXCEPT IN SENSE IT WILL ENJOY FINANCIAL BENEFITS IN FORM OF INTEREST-FREE LOAN, EXEMPTION FROM IMPORT DEPOSIT AND POSSIBLY OTHERS. KLEYN CLAIMS ALL DEVICES ARE OF CIVIL TYPES AND ALL KNOWN POTENTIAL CUSTOMERS ARE PRIVATE COMPANIES, E.G. THORN M.I. AND SHARP CONTROLS.

3. WE ASSUME CGS STATEMENTS RE CIVIL USE CAN BE CHECKED IN COMMERCE BY INSPECTING LIST OF DEVICES TO BE TESTED (SEE BELOW). IN VIEW OF KNOWN EAGERNESS OF SAG TO ATTRACT SEMI-CONDUCTOR INDUSTRY TO REDUCE FOREIGN DEPENDENCE, IT IS PLAUSIBLE THAT LOCAL FIRMS ARE OFFERED SPECIAL CONFIDENTIAL INDUCEMENTS.

4. JAGAU SAID THAT WHILE FUTURE AIM IS SEMI-CONDUCTOR PRODUCTION PLANT, WILL START WITH A TESTING LINE AND SOMEWHAT LATER MOVE ON TO ASSEMBLY. WILL INCLUDE MD-104 TEST SYSTEM COMPRISING FOUR TEST STATIONS. WITH TWO INTERFACES FROM EACH STATION TO HANDLERS FROM DELTA DESIGN, AND FROM THESE TO PROBES FROM PACIFIC WESTERN AND ELECTROGLASS. JAGAU SAID COMMERCE LICENSE HAD BEEN GRANTED FOR HANDLERS AND FOR PACIFIC WESTERN PROBES, WHICH MAY ALREADY BE IN SA AWAITING CUSTOMS CLEARANCE TO JUDGE FROM SHIPPING DOCUMENTS. PROBECORDER FROM TELEDYNE TECH, ALSO ON ORDER, LICENSE STATUS NOT KNOWN.

5. FOR LATER ASSEMBLY STATE, IN ADDITION TO LASER SCRIBERS FROM ELECTROGLAS, FIRM HAS ORDERED DICING SAWS FROM LINDBERG TEMPRESS AND FURNACES FROM THERMCO. LATTER COVERED LIMITED OFFICIAL USE

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BY EXPORT LICENSE A233724 ISSUED DECEMBER 9. (GREENWOOD OF AFRONIX HAS BEEN INFORMED BY SOLA BASIC THAT DICING SAWS FOR CGS AND BONDER FOR CSIR HAVE RUN INTO LICENSING PROBLEMS).

6. CGS WILL IMPORT DEVICES FOR TESTING FROM TAIWAN. IT EXPECTS TO GET INTO PRODUCTION IN 12-18 MONTHS AT RATE OF 100 WAFERS/HOUR. EXPECTS TO RUN 1000 TESTS/HOUR DURING TEST PHASE ALTHOUGH EQUIPMENT COULD HANDLE 6000 TESTS/HOUR. IT WILL EMPLOY 5-7 BLACK WORKERS DURING TEST PHASE AND 15-20 WHEN IN PRODUCTION. IN ADDITION TO TECHNICIAN NOW TRAINING WITH MACRODATA, ONE TECHNICIAN WILL BE COMING FROM GERMANY IN MARCH AND 3 MORE LATER.

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ACTION EB-08

INFO OCT-01 AF-08 ISO-00 DODE-00 NSAE-00 USIA-06 TRSE-00

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CAPE TOWN ALSO FOR EMBASSY

7. CGS ORIGINALLY HOPED TO RENT PLANT IN PRETORIA WHERE ENVIRONMENT IS MORE NORMAL, I.E. HIGHER HUMIDITY, AND LESS DAY-NIGHT TEMPERATURE CHANGE. HOWEVER, FOR COST REASONS, HAVE NOW DECIDED TO CONVERT PART OF EXISTING PREMISES. PLANT, OFFICES AND STOREROOMS NOW ON TWO FLOORS BUT PORTION OF SECOND FLOOR BEING CLEARED FOR PROJECTION ENGINEERING OFFICE, CHANGE ROOMS, AIR LOCK AND SEALED PRODUCTION AREA. TOTAL AREA IS 250 SQUARE METERS OF WHICH 100 SQUARE METERS SET ASIDE FOR TESTING. AIR CONDITIONING NOT INSTALLED NOR ALL PARTITIONS UP BUT JAGAU CLAIMS CAN BE DONE IN 4-6 WEEKS.

8. KLEYN AND JAGAU PROVIDED ALL DOCUMENTS REQUESTED CONCERNING TRANSACTIONS. EMBASSY KEPT COPY OF ORDER TO MACRODATA OF NOVEMBER 19, 1976, WITH DETAILED PROVISIONS INCLUDING \$2,500 FOR TRAINING ONE MAN AND PAYMENT TERMS. WE ALSO HAVE COPY OF DEPARTMENT OF INDUSTRIES CERTIFICATE 2440 COVERING HANDLERS FROM DELTA DESIGNS AND 2442 COVERING MACRODATA TEST SYSTEM.

9. SYSTEM INCLUDES FORMAT MODULES FOR TESTING RAM AND ROM,
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INCLUDING 2102, 2107B, 2107A, 4061A. ALSO FOR 8080 AND 9080; 6800, 3000 (INTEL), SBP0400; ECLRAMS, INCLUDING 93415, 10148, 10149.

10. CGS CLAIMS SIMILAR DEVICES ALREADY BEING PRODUCED HERE BY SIEMENS AND PLESSY ALTHOUGH PRESUMABLY NOT SAME PROGRAMS.

11. CGS CURRENTLY EMPLOYS ABOUT 35 IN PRODUCTION OF NON-SOLID STATE SENSING DEVICES, PRIMARILY TEMPERATURE. IT WAS ACQUIRED ABOUT FIVE YEARS BY CGS SCIENTIFIC, P.O. BOX 222, LA CRUE ST., CONCORDVILLE, PA, 19331, PHONE 215-729-6262. KLEYN SAYS PRESIDENT GOLDFIELD OF US PARENT HAS ONLY GENERAL KNOWLEDGE OF SA AFFILIATE'S PLANS IN VIEW OF FACT ALL FINANCING COMES FROM SA.

12. KLEYN HAS HEARD REPORTS THAT MACRODATA HAS LOST EXPORT PRIVILEGES BECAUSE OF TRANSGRESSION IN ANOTHER CASE AND IS GREATLY CONCERNED OVER PROSPECT TEST SYSTEM MAY HAVE TO BE RE-ORDERED FROM OTHER SUPPLIER. REQUESTS DVICE ON THIS POINT FROM COMMERCE.

13. EMBASSY COMMENT: WE ARE REASONABLY SATISFIED WITH DEGREE OF CGS COOPERATION AND BELIEVE THEIR INITIAL RELUCTANCE CAN BE ATTRIBUTED TO LACK OF FAMILIARITY WITH US EXPORT CONTROL AND DESIRE FOR COMMERCIAL SECRECY. WE CANNOT JUDGE WHETHER PLANS TO BEGIN WITH TESTING AND MOVE LATER TO PRODUCTION MAKE ECONOMIC AND TECHNICAL SENSE. UNWILLINGNESS TO DETAIL THEIR ASSOCIATION WITH SAG IS MAIN WEAKNESS OF THEIR CASE BUT THIS WOULD HAVE LIMITED RELEVANCE IF DEVICES ARE, AS THEY CLAIM, WELL KNOWN DESIGNS FOR COMMERCIAL PURPOSES. SUGGEST ALSO COMMERCE CHECK WITH US PARENT SINCE IT SEEMS UNUSUAL FOR SA AFFILIATE TO HAVE AS MUCH INDEPENDENCE AS KLEYN ASSERTS.

14. ACTION REQUESTED: PLEASE ADVISE SOONEST WHAT WE CAN TELL KLEYN ABOUT MACRODATA'S EXPORT PRIVILEGES. BOWDLER LIMITED OFFICIAL USE

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